



M 1037/0024

M 1037 10012

CC: Tom

Denison Mines (USA) Corp.
1050 17th Street, Suite 950
Denver, CO 80265
USA

Tel : 303 628-7798
Fax : 303 389-4125

www.denisonmines.com

September 13, 2011

State Engineer
Department of Natural Resources
Division of Water Rights
1594 West North Temple, Suite 220
Salt Lake City, UT 84114-6300

Re: Permit Extension Request for Stream Alteration permit Number 10-05-03SA; Pandora Mine, Section 5, Township 29 South, Range 25 East, New Mexico Prime Meridian, San Juan County, Utah.

The State of Utah, State Engineers Office issued an approval of an Amendment to Stream Alteration Application Number 10-05-03SA on November 10, 2010. The expiration date of this permit is set for November 10, 2011. Denison has been working with the US Bureau of Land Management (BLM) and the US Forest Service (USFS) for the last several years to obtain approval of a Plan of Operations for this work and to complete the necessary Environmental Studies being conducted as part of the National Environmental Policy Act (NEPA). While progress has been made and Denison should receive approvals in early 2012, no work can begin on the project until BLM and USFS approval is obtained. The order states the following:

"The expiration date of this order is extended to November 10, 2011. Work affecting the bed and/or banks of the stream may not be conducted after this date. The expiration date may be extended, at the State Engineer's discretion, by submitting a written request outlining the need for the extension and the reasons for the delay in completing the proposed stream alterations."

This letter serves as a written request outlining the need for the extension in order to obtain approval from US BLM and USFS for this work. Please contact me at (303) 389-4136 or myself at (303) 389-4155 with any questions or concerns.

Yours very truly,
DENISON MINES (USA) CORP.

A handwritten signature in cursive script that reads "Christy Woodward".

Christy Woodward, PE
Environmental Coordinator

Encl.

Cc: Denison Mines (USA) Corp., File
Paul Baker, Utah Division of Oil, Gas and Mining
Rebecca Doolittle, US Bureau of Land Management, Moab Field Office
Joel Nowak, US Forest Service – Manti-La Sal National Forest

RECEIVED

SEP 19 2011

DIV. OF OIL, GAS & MINING



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Water Rights

KENT L. JONES
State Engineer/Division Director

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Egr _____

ORDER OF THE STATE ENGINEER

AMENDMENT TO STREAM ALTERATION APPLICATION NUMBER 10-05-03SA

It has been determined that General permit 40 does apply, therefore, this approval also constitutes compliance with Section 404 (e) of the Clean Water Act (33 USC 1344) pursuant to General permit 040 issued to the State of Utah by the U.S. Army Corps of Engineers on May 14, 2004. Stream Alteration Application No. 10-05-03SA, submitted in the name of Denison Mines (USA) Corporation/Philip Buck, applicant, for mine drainage improvements associated with a Coyote Wash tributary, a natural stream located in San Juan County, Utah, has been AMENDED/APPROVED with conditions as set forth in the ORDER below.

This **ORDER** is issued pursuant to statute and in accord with the statutory criteria for approval of a stream alteration application that are described at UTAH CODE ANN. § 73-3-29. The State Engineer has determined that this application does meet the necessary legal criteria to **ORDER** the approval of the application based upon the following information and reasoning set forth in the Findings of Fact and Discussion.

FINDINGS OF FACT

1. The application was received by the Division of Water Rights ("Division") on April 6, 2010, and made available for comment on the Division's webpage, provided to adjacent property owners or other individuals who may be affected by this project as identified in the application, pertinent governmental agencies, and to other entities as warranted, for a period of at least 20 calendar days, said period concluding prior to April 27, 2010.
2. The application contains the following information:
 - The stated purpose of the proposed project is: Improve mine drainage.
 - The stated description of the proposed project is: Relocation of 1055 feet of channel and installation of culverts.
 - The stated alternatives to the proposed project are: Other relocation configurations.
3. The following observations were made by the Division: Based on our review, it has been determined that there does not appear to be any adverse impacts to cultural resources associated with this Stream Alteration.
4. The Division received comments or objections on the proposed project from:
 - The U.S. Army Corps of Engineers (Corps), Travis Morse

The comments or objections received by the Division are summarized as follows:



- The Corps had requested additional information concerning wetland impacts. It was believed that wetlands would likely be impacted and that the project did not qualify for GP40. A site visit has since been conducted and the Corps has determined that this permit can be approved under GP40.

DISCUSSION

1. Based on a review of the Division's water rights records and/or a review of the application by personnel of the Division's regional office, it is the opinion of the State Engineer that the project will not impair vested water rights.
2. It is the opinion of the State Engineer that the project will not unreasonably or unnecessarily affect recreational use or the natural stream environment.
3. It is the opinion of the State Engineer that the project will not unreasonably or unnecessarily endanger aquatic wildlife.
4. It is the opinion of the State Engineer that the project will not unreasonably or unnecessarily diminish the natural channel's ability to conduct high flows.

ORDER

Stream Alteration Application No. 10-05-03SA, submitted in the name of Denison Mines (USA) Corporation/Philip Buck, applicant, for mine drainage improvements associated with a Coyote Wash tributary, a natural stream located in San Juan County, Utah, has been AMENDED/APPROVED, contingent upon the conditions outlined in this **ORDER**. This approval also constitutes compliance with Section 404 (e) of the Clean Water Act (33 USC 1344) pursuant to General Permit 040 issued to the State of Utah by the U.S. Army Corps of Engineers on May 14, 2004. The applicant is hereby authorized to conduct the work detailed in the application and supporting documentation, as described in this **ORDER**. Any modification or addition to the work may require additional authorization and/or application resubmittal.

1. The expiration date of this order is extended to **November 10, 2011**. Work affecting the bed and/or banks of the stream may not be conducted after this date. The expiration date may be extended, at the State Engineer's discretion, by submitting a written request outlining the need for the extension and the reasons for the delay in completing the proposed stream alteration.
2. A copy of this order must be kept onsite at any time the work authorized under this order is in progress.

3. Disturbed areas must be planted with a variety of appropriate vegetation (especially woody vegetation where feasible) to help hold the soil around riprap, prevent excessive erosion, and to help maintain other riverine functions. Successful revegetation efforts must be monitored and reported to this office.
4. Best Management Practices should be implemented and maintained during any streamside or instream work to minimize sedimentation, temporary erosion of stream banks, and needless damage or alteration to the streambed.
5. Approval of this application does not authorize trespass, easements, rights-of-way, or any other access and land use permits. It is the responsibility of the applicant to obtain any such authorizations as may be necessary for this proposal.
6. Excavated material and construction debris may not be wasted in any stream channel or placed in flowing waters, this will include material such as grease, oil, joint coating, or any other possible pollutant. Excess materials must be wasted at an upland site well away from any channel. Construction materials, bedding material, excavated material, etc. may not be stockpiled in riparian or channel areas.
7. Whenever an applicant causes the water turbidity in an adjacent surface water to increase 10 NTU's or more, the applicant shall notify the Division of Water Quality.
8. Erosion control, revegetation, and noxious weed control must be implemented and monitored until revegetation becomes well established. Success of these measures must also be reported prior to the compliance inspection. This is especially important for all disturbed areas, including fill, in order to prevent sediments from entering flowing water. Particular attention is required to assure that silt fencing is properly installed and left in place until after revegetation becomes established at which time the silt fence can then be carefully removed.
9. If historical or archaeological resources such as human remains (skeletons), prehistoric arrowheads/spear points, waste flakes from stone tool production, pottery, ancient fire pits, historical building foundations/remains, historical artifacts (glass, ceramic metal, etc.) are found during construction, the permit holder is advised to cease work and contact the Division of State History at 801-533-3555.
10. Ingress and egress access should be kept to a minimum.
11. Work must be accomplished during a period of low flow. Sediment introduced into stream flows during construction must be controlled to prevent increases in turbidity downstream. Flows must be diverted away from the construction area using a non-erodible cofferdam or other means of bypass.
12. Machinery must be properly cleaned and fueled offsite prior to construction.

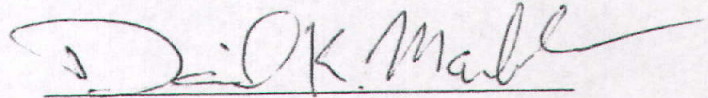
13. Riprap must consist of only clean, properly sized angular rock, which must be keyed deeply into the stream bed to prevent undercutting. A filter must be placed behind if necessary (i.e., if soils are fine grained, non-cohesive, and/or erodible). Demolition debris or refuse will not be allowed, nor material such as bricks, concrete, asphaltic material [either natural (tar sand, oil shale, etc.) or man made].
14. Disturbed riparian areas must be planted with naturally occurring vegetation. Plantings shall be protected from grazing animals by fencing. If beaver or other rodent damage should occur, other methods such as metal collars placed around the trees must be included.
15. Culverts shall be placed at locations that will minimize the possibility of washouts. Areas adjacent to meanders must be avoided as water may be directed toward the edges, rather than the center of the culvert. Culverts must be placed at GRADE and create no change in the profile of the stream bottom to avoid upstream erosion. Fill, adjacent to the culvert, must be adequately compacted to prevent piping and washout of the crossing.
16. Fill materials should be free of fines, waste, pollutants, and noxious weeds/seeds.
17. Please submit photos of the completed project.
18. Within 30 days after the completion of this project, the attached compliance certification form must be completed and returned to the U.S. Army Corps of Engineers. Failure to return this compliance certification form would invalidate U.S. Army Corps of Engineers General Permit 040, thereby placing the applicant in violation of Section 404 of the Clean Water Act.

Your contact with the Division is Daren Rasmussen, who can be reached at telephone number 801-538-7414.

This **ORDER** is subject to the provisions of UTAH ADMIN. CODE R. 655-6-17 of the Division of Water Rights and to UTAH CODE ANN. §§ 63-46b-13 and 73-3-14, which provide for persons or parties with legal standing to file either a Request for Reconsideration with the State Engineer or an appeal with the appropriate District Court. A Request for Reconsideration must be filed with the State Engineer within 20 days of the date of this **ORDER**. However, a Request for Reconsideration is not a prerequisite to filing a court appeal. A court appeal must be filed within 30 days after the date of this **ORDER**, or if a Request for Reconsideration has been filed, within 30 days after the date the Request for Reconsideration is denied. A Request for Reconsideration is considered denied when no action is taken within 20 days after the Request is filed.

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10-05-03SA
November 10, 2010

Dated this 10 day of November, 2010.



David K. Marble, P.E.
Assistant State Engineer

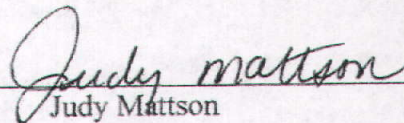
Enclosure

Mailed a copy of the foregoing Order this 10 day of November, 2010, to:

PHILIP BUCK
DENISON MINES (USA) CORPORATION
1050 17TH ST STE 950
DENVER CO 80265

W. Travis Morse - Corps of Engineers
Marc Stilson - Regional Engineer
Richard Clark - EPA
Kelly Beck - RDCC Coordinator
Chris Wood - Regional Wildlife Habitat Manager

By:



Judy Mattson
Secretary

COMPLIANCE CERTIFICATION

Permit File Number:

Nationwide Permit Number:

Permittee:

County:

Date of Verification:

Within 30 days after completion of the activity authorized by this permit, sign this certification and return it to the following address:

U.S. Army Corps of Engineers
Regulatory Division
Colorado West Regulatory Branch
400 Rood Avenue, Room 142
Grand Junction, Colorado 81501
FAX (970) 241-2358
PHONE (970) 243-1199 ext. 17

Please note that your permitted activity is subject to a compliance inspection by a U.S. Army Corps of Engineers representative. If you fail to comply with the terms and conditions of the permit your authorization may be suspended, modified, or revoked. If you have any questions about this certification, please contact the Corps of Engineers.

* * * * *

I hereby certify that the work authorized by the above-referenced permit, including all the required mitigation, was completed in accordance with the terms and conditions of the permit verification.

Signature of Permittee

Date



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September 14, 2011

Joel Nowak
Minerals/Lands/Special Uses/Roads
Moab/Monticello Ranger District
Manti-La Sal National Forest
P.O. Box 820
Monticello, Utah 84535

Dear Joel:

Re: Plan of Operations (POO-2008-009422) Transfer for Pine Ridge Mine Project located in Section 4, Township 29 South, Range 25 East, and Section 33, Township 28 South, Range 25 East, San Juan County, Utah.

On April 28, 2011, Denison Mines (USA) Corp ("Denison") acquired the above referenced property. Denison has transferred the Notice of Intent (NOI) to Commence Small Mining Operations and the associated reclamation bond held by the Utah Division of Oil, Gas and Mining (UDOGM) and the US Forest Service. This letter is to request transfer of the Pine Ridge Mine Plan of Operations (POO-2008-009422 - as approved by the USFS on April 8, 2008) from Kimmerle Mining, LLC to Denison Mines (USA) Corp. The bond has been submitted to UDOGM and a copy provided to you.

Yours very truly,

DENISON MINES (USA) CORP.

A handwritten signature in cursive script that reads "Christy Woodward".

Christy Woodward, PE
Environmental Coordinator

Cc: Denison Mines (USA) Corp, File
Paul Baker and Tom Munson, Utah Division of Oil, Gas and Mining



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Paul Baker and Tom Munson, Utah Division of Oil, Gas and Mining